

2001 REAL PROPERTY ANNUAL CONFERENCE

**RESIDENCE INN
LYNWOOD, WA
MAY 15th - MAY 17th, 2001**

AGENDA

Tuesday, May 15th

- 8:30 - 8:45 Welcoming Remarks
***-Dan Strandy, Chief
Facilities and Logistics Division
Western Administrative Support Center, NOAA***
- 8:45 - 9:00 Opening Remarks
***-Roy Eckert, Chief
Facilities, Acquisition and Management Division, NOAA***
- 9:00 - 10:15 Real Property System Overview
***-David Milburn, President
Financial Systems Consultant, Inc.,***
- 10:00 - 10:15 BREAK
- 10:15 - 12:30 Real Property System Overview Cont'd
-David Milburn
- 12:30 - 1:30 LUNCH
- 1:30 - 3:00 Real Property System Business Rules
***-Real Property Team
-David Milburn***
- 2:45 - 3:00 BREAK
- 3:00 - 5:00 Real Property System
-Group Discussion

Wednesday, May 16th

- 8:00 - 9:00 Federal Real Property Lease Law
-Terrence O'Connor, Attorney
Private Sector
- 9:00 - 9:30 GSA's Government-wide Initiatives
-David Bibb, Deputy Associate Administrator
FMR Parts 102-71 to 102-82, Building Delegation
-Stanley Langfeld, Director
Real Property Policy Division, GSA
- 9:30 - 9:45 BREAK
- 9:45 - 11:00 Update on Major Projects Office and ASC Projects
-Gary Knebel, Acting Director, FO
-Jane LaPoint, CASC
-George Watkins, EASC
-Debbie Putney, MASC
-Les Matheson, WASC
- 11:00 - 12:00 CENSUS 2000
-Nancy Jones, Chief
Regional Space Leasing Staff, CENSUS
- 12:00 - 1:00 LUNCH
- 1:00 - 2:00 Land Acquisitions/Title Searches
-Teresa Patrick, Assistant Chief
Land Acquisition Section
Environment and Natural Resources Division
Department of Justice
- 2:00 - 3:30 Financial Statements
-Chuck Kilgore, NOAA
Finance Office
- 3:30 - 3:45 BREAK
- 3:45 - 5:00 Capital Leases
-Chuck Kilgore, NOAA
Finance Office

Thursday, May 17th

8:00 - 9:30 GSA's New Pricing Policy
-Linda Hattersley
Central Office Portfolio Management, GSA

9:30 - 9:45 BREAK

9:45 - 11:45 Audit Refresher
-Gina Ziegenbein
-Vickie Bethea

11:45 - 1:00 LUNCH

1:00 - 2:00 Closing Remarks
-Roy Eckert, Chief
Facilities, Acquisition and Management Division
-FLD Chiefs wrap-up

2001 REAL PROPERTY ANNUAL CONFERENCE REPORT AND ACTION ITEMS

Tuesday May 15th, 2001 – Thursday May 17th, 2001

This was the 4th NOAA Real Property Annual Conference, including all Administrative Service Center (ASC) employees focusing on issues surrounding real property accounting and leasing activities. This year's conference was also used as the forum to demonstrate the new Federal Real Property Management software to senior level management. The goal of this year's conference was to introduce a variety of subject matter to the audience about issues that will increase the field's relative knowledge on industry related issues, thus enhancing customer service relationship with our clients. There were a variety of issues addressed such as Federal Real Property Lease Law, GSA Office Policy, and GSA's new Pricing Guidelines.

Conference Evaluation

Twenty-five members of the Real Property ASC offices and the Silver Spring headquarters office attended this year's conference along with five Department of Commerce (DOC) members. One of the highlights of this year's conference was the presentation by Chuck Kilgore from the Finance Office. NOAA's financial statements were discussed in great detail. Chuck's presentation on NOAA's financial statements and how its inventory impact the financial statements of this bureau and the Department Of Commerce was an extremely enlightening segment for the participants. Based on the evaluations, participants also found that the sessions focusing on GSA Pricing, the Federal Real Property Management system and Capital Lease issues were valuable and appreciated sessions of the conference as well. Interest was also expressed to have future conferences focus more attention on speakers who will present discussions associated to environmental issues such as: contamination of Brownfield Development as well as updates and issues surrounding appraisal, leasing, land acquisition and, facility management activity.

The conference ended on a fun note with the facilities team presenting audit policy and procedure questions to the group via game show format (The Weakest Link). This format was successfully received and promoted healthy group competition and interaction while testing the participants' knowledge of the current policy and procedures. Overall the evaluations suggest that this year's conference was well received by all in attendance.

2001 REAL PROPERTY ANNUAL CONFERENCE

**RESIDENCE INN
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MAY 15th, 2001**

Conference Sessions Summary

Welcoming and Opening Remarks

Speakers: ***-Dan Strandy, Chief,
Facilities and Logistics Division
Western Administrative Support Center, NOAA***

***-Roy Eckert, Chief,
Facilities, Acquisition and Management Division, NOAA***

***-Gary Knebel,
Acting Director, FO, NOAA***

Real Property System Overview

Speaker: ***-David Milburn, President
Financial Systems Consultant, Inc., (FSC)***

Overview

On May 15, 2001, FSC, Inc. presented an overview of the newly purchased DOC Federal Real Property Management (Federal RPM) system to the real property managers. The presentation was divided into 3 sessions. Session 1 presented an Executive Summary of the system, including its relationship with other DOC systems, and major functions and features contained in the system. Session 2 presented a demonstration of the system, including a walk-through of all-important dialogs contained in the system. Session 3 presented a detailed description of the location of converted data from the Real Estate Space Management Information System (RSMIS) and its location in Federal RPM. In addition, session 3 presented detailed scripts on how to manage property data contained in the system. The sessions began at 8:30 AM and concluded at 5PM.

Goal

The presentation at the conference had 3 major goals:

1. Familiarize senior managers with the current capabilities and future potential of Federal RPM
2. Familiarize Real Property managers with all functions and features contained in Federal RPM
3. Familiarize Administrative Service Center personnel with the detailed operation of Federal RPM and the location of key data elements in Federal RPM.

Session Format

Each session followed a predefined agenda that included use of slides and a live demonstration of the system. Each conference participant received a copy of all presentation documentation. Following the agenda items, the sessions were very interactive, with a great deal of discussion between conference participants. Discussion included questions on policy issues as well as specific functions of Federal RPM.

Outcomes

At the end of the day, each conference member was asked to state their view on the value of the sessions and their impression of Federal RPM. All of the comments received were very positive. Participants felt that the system had been greatly enhanced (since the training session held in November, 2000), and were anxious to get the system into production. ASC personnel agreed to participate in the acceptance testing of the system.

Action Items

1. FSC will modify the system to allow the user to set alerts for auditable events to report events that have occurred in the last 30 days.
2. The Department of Commerce will make a formal request to GSA, asking them to expand the amount of information included in the electronic rent bill. The following items will be requested: (1) control counts and amounts for records contained in the rent file; (2) rentable/usable ratios for each GSA assignment; (3) occupancy agreement number for each GSA assignment; (4) GSA contact name, address, telephone number and e-mail address for GSA staff responsible for the lease
3. The DOC implementation team scheduled a meeting to take place 2 weeks following the conference in order to plan acceptance test activities for the Administrative Service Centers.

Federal Real Property Lease Law

Speaker: *-Terrence O'Connor, Attorney
 Private Sector*

Overview

Terrence O'Connor presented a discussion on "Lease Law" focusing specifically on the following Land and Gold Mind Principles. During the introduction, the audience was also informed of issues such as: "lessors being penalized for maintaining a building or floors of a building that are too cold"; "discretion on the type of rental disclosure that should be reduced" and "SFO's do not have past performance language and how it will be measured"

Land Minds:

1. Discretion
 - Sit and Think
 - Use Paper (Create a paper trail)
 - Read the paper (Have a good basis for your decisions)
2. Increase In Past Performance
 - What is it
 - How do you measure it
3. Doing Claims (the claim accrues interest and attorney fees as soon as the claim is filed)
4. Form 3516 – Instruction to Bidders (The existing "Boiler Plate" of this form is antiquated and needs to be updated...)
5. Debriefing on the 3516:
 - "Government may disclose" (this section of the form is incorrectly stated...it should read "Government shall disclose")

Gold Minds:

1. Don't be leisurely about awarding a lease because you'll bullet proof it (Bullet Proof "meaning" GAO will not over turn a lease even if the lessor wins) leasing doesn't have a termination for convenience clause.

Debriefing (Gold/Land Minds):

2. Federal Acquisition Regulations (FAR) – At a minimum you have to disclose the following (“At a minimum” is missing from the existing “boiler plate” of form 3516); (FAR says “shall” and 3516 says “may”):

- Government inefficiencies
- Overall evaluation cost and technical rating disclosure; property debriefing can discourage protest
- Overall ranking of all offerors
- Summary of the rationale for the award

Change in 1996 – 97 authorizes Real Estate professionals to give out an independent government estimate to let offerors know how much you can work with during the solicitation process.

GSA Office of Policy

Speakers: *-Stanley Langfeld, Director, Real Property Policy Division, Office of Real Property in the GSA’s Office of Government-wide Policy, and
-David Bibb, Managing Executive of the Office of Government-wide Policy’s Office of Real Property*

Topics Covered:

Mr. Langfeld and Mr. Bibb’s brief discussions specifically focused on Real Property Policies and Building Delegations. Listed below are topics of their discussion, which were also included as apart of the discussion handouts.

- Different types of Delegations of Authority
- Executive Agencies’ Responsibility under a Delegation of Leasing Authority from GSA
- Requirements for Obtaining a Delegation of Leasing Authority from GSA
- Executive Agencies’ responsibilities under a delegation of real property management and operation authority from GSA
- Requirements for obtaining a delegation of real property management and operation authority from GSA
- Executive Agencies’ responsibilities under a delegation of lease management authority (contracting officer representative authority) from GSA
- Requirements for Obtaining a Delegation of Lease Management Authority (contracting officer representative authority) from GSA
- Executive Agencies’ responsibilities under an Administrative Contracting Officer (ACO) delegation
- Requirements for Obtaining an Administrative Contracting Officer (ACO) delegation from GSA

- Real Property Achievement Award Nominations
- FIRM – Worldwide inventory - GSA will provide software innovative work places; telecommuting is required 25% per agency....Performance Measurements

Major Projects Office Formulation (MPO)

Speakers: -*Gary Knebel, Acting Director, Facilities Office*

Discussion Overview:

Gary Knebel provided a status on MPO: background on formulation, process and management's comments on MPO.

Main Topic of Discussion:

- Capital Lease – based on the capital lease discussion there appears to be a disconnect between financial policies and OMB policies that is going in two different directions to reach a common point (determination of capital leases when categorizing them). For financial purposes a lease may be categorized as capital, but due to the funding need implications, various other issues arise as it relates to OMB-A11 policies. A management review team has been established to clarify our policies on this issue in order to allow finance and OMB to read from the same page. Gary Knebel will research OMB-All's intention on this issue to determine if it should be revised.

Land Acquisition

Speakers:

-*Teresa L. Patrick, Assistant Chief*

-*Tom Alderidge, Director, Office of General Counsel*

Discussion Overview:

This discussion was facilitated by Ms. Teresa Patrick and Tom Alderidge (via teleconferencing). Please see "Attachment 1" at the end of this package detailing information resources discussed during the presentation.

CENSUS Presentation

Speaker:

-Nancy Jones, Chief

Regional Space Leasing Staff, CENSUS

Topics Covered:

- Land Acquisition
- Discrepancies with GSA billing system

Group Discussion

Speaker/Facilitator:

-Gina Ziegenbein, Chief

Asset Planning Accounting and Relocation Team

This discussion facilitated by Gina Ziegenbein focused on the recurring issues of Capital Lease determination and required criteria that should be met.

Topic of Discussion:

- Capital Lease Determination Criteria and Issues
 1. Secure requirements
 2. Acknowledge OMB A-11
 3. Ensure compliance w/CFO Memorandum
 4. NOAA Policy
 5. Market Analysis and Assessment
 6. Should Line Offices be doing pre-planning (3-4yrs) for funding
 7. Are there procedures that require Line Offices to process a review of all leases expiring 3 to 4yrs out.....the policy should reflect a review of lease file as early as 5yrs prior to expiration
 8. Frustrations during discussion revealed that specific members believe that the existing capital lease inventory should be eliminated from future audit reports
- Management Control Review (MCR) Agenda Issues:
 1. Can we state in SFO award factors that successful offerors must submit an operating lease
 2. For non-NOAA leases, should ASCs follow their capitalization threshold
 3. Disconnect between timing for lease acquisition vs. need to acquire full funding
 4. Can OMB grant waivers
 5. Explore GSA's Tiger Team specified in dealing with capital lease issues and eliminating categorized capital leases from their portfolio.
 6. What is the process for fully funding leases
 7. Revisit termination rights relating to impact on capital vs. operating leases.

GSA's New Pricing Policy

Speaker: ***-Linda Hattersley***
 Central Office Portfolio Management, GSA

Topics Covered:

- GSA Pricing Policy and Tenant Customization (i.e. NOAA is considered a “Tier 3” which means an additional 30% is allocated by GSA for tenant improvements which is amortized over the full term of your agreement and then the lessor should provide a reduced ratio)...this translates to a rate of \$31.92/sf (for Wash., DC). Up to a 2 tier increase can be requested in Tenant Improvements (TIs). (Pricing Guide can be found on the web). The tenant improvement allowances vary and will automatically be populated in the Occupancy Agreement (OA) during processing.
- Tenant Improvement dollars are amortized over the term of the OA. In commercial space the interest rate is assigned at what ever rate the lessor is able to obtain. In federal space it is the Federal Financing Bank’s Rate.
- In federally owned space, the joint use space charges should not change unless a new cafeteria or conference room has been added.
- Real Estate Tax Billing – (in commercial space) is accrued monthly with a onetime adjustment to reflect actual tax amount.
- The buy-down of (TIs) have to be done at inception of an OA via a Reimbursable Work Authorization (RWA)
- Questions Resulting from discussion... please see “Attachment 2” at the end of this package detailing information resources discussed during the presentation.

Audit Refresher

Speaker/Facilitators: ***-Gina Ziegenbein***
 -Roy Eckert
 -Vickie Bethea

Discussion Overview:

The purpose of this session was to provide an accounting procedural and guideline review of the NOAA Real Property Accounting Policies and Procedures. The session was presented using the “Weakest Link” game show format. Overall it proved to be a very good platform in which to present policy and procedure review questions.

Concluding Remarks

Speaker: ***-Roy Eckert***

Key Points:

- Appreciation of the Real Property Community’s participation on this years conference success
- Follow up on several issues such as OMB A-11, Capital Lease issues
- Management Control Review Committee’s Agenda